

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF HENDERSON-UNION RECC)	
OF A PROPOSED CONTRACT WITH VALLEY)	
GRAIN PRODUCTS, INC., TO IMPLEMENT)	CASE NO. 10422
AN INDUSTRIAL INCENTIVE PLAN)	

O R D E R

On February 10, 1989, the Commission entered an Order dismissing without prejudice a service agreement proposed by Henderson-Union Rural Electric Cooperative Corporation ("Henderson-Union") to provide an industrial incentive rate to Valley Grain Products, Inc. ("Valley Grain"). The Commission found that the service agreement failed to satisfy the economic development rate guidelines established in its July 1, 1988 Order in Case No. 10064.¹ Specifically, the Commission found that Henderson-Union's service agreement failed to satisfy Requirement No. 4, which requires all utilities to file a tariff stating the terms and conditions of its economic development rate. The Commission gave Henderson-Union the opportunity to either modify its service agreement in accordance with the guidelines in Case No. 10064 or file a new service agreement at the conclusion of

¹ Case No. 10064, Adjustment of Gas and Electric Rates of Louisville Gas and Electric Company, pages 92-95.

Administrative Case No. 327², which was established to review the Commission's policy on economic development rates. Henderson-Union subsequently notified the Commission of its intention to modify its service agreement with Valley Grain in accordance with the Commission's guidelines.

On March 23, 1989, Henderson-Union filed an Economic Development Rate (EDR) Tariff to be incorporated into its Rate Schedules LP-3 - Large Power Dedicated Delivery Point, LP-3 - Large Power (501 to 2000 KW) Non-dedicated Delivery Point, and LP-4 - Large Power (Over 2000 KW). Furthermore, Henderson-Union declared that its August 26, 1988 service agreement with Valley Grain, filed with the Commission on September 2, 1988, conforms to the EDR Tariff and consequently does not require modification or amendment. The Commission, having reviewed Henderson-Union's filing and being advised, is of the opinion and finds that Henderson-Union's EDR Tariff and August 26, 1988 service agreement with Valley Grain, when considered jointly, comply with the Commission's economic development rate requirements established in Case No. 10064 and, therefore, should be approved.

IT IS THEREFORE ORDERED that:

1. Henderson-Union's Economic Development Rate (EDR) Tariff be and hereby is approved.


² Administrative Case No. 327, An Investigation Into the Implementation of Economic Development Rates By Electric and Gas Utilities.

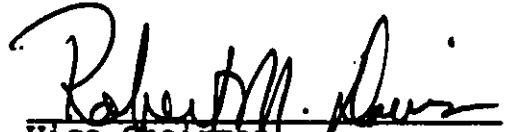
2. Henderson-Union's service agreement with Valley Grain, dated August 26, 1988, be and hereby is approved.

3. Henderson-Union shall file with the Commission signed copies of the EDR Tariff and Service Agreement within 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 3rd day of May, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director